

TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: HEALTH CARE FINANCING ADMINISTRATION3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES4. PROPOSED EFFECTIVE DATE
1-1-04

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 440.10

7. FEDERAL BUDGET IMPACT:

a. FFY 2004 \$ 9,868,940
b. FFY 2005 \$ 12,946,441

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A, Page 3a
Attachment 4.19-A, Page 3.1

ATTACHMENT 4.19 B, Page 1a.1

ATTACHMENT 4.19 A, Page 17f

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):A new page, Reference TN# 00-14
Delete 4.19-A, Page 3.1, TN# 00-14

10. SUBJECT OF AMENDMENT:

Inpatient hospital reimbursement increase

11. GOVERNOR'S REVIEW (Check One):

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL☐ OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Mike Fogarty

14. TITLE:

Chief Executive Officer

15. DATE SUBMITTED:

December 5, 2003

16. RETURN TO:

Oklahoma Health Care Authority
Attn: Jim Hancock
4545 N. Lincoln, Suite 124
Oklahoma City, OK 73105

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

DEC 12 2003

18. DATE APPROVED:

MAY 17 2004

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

JAN - 1 2004

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

Charlene Brown

22. TITLE:

Deputy Director, CMSO

23. REMARKS:

c: Mike Fogarty
Jim Hancock

State: OKLAHOMA

METHODS AND STANDARDS OF REIMBURSEMENT
FOR INPATIENT HOSPITAL SERVICES

Effective 1-1-04, hospitals with facility-specific per diem rates below the statewide median will be increased to the statewide median. For Levels 7 and 8, in which the median rates (as defined on Page 3 of 4.19A) are peer grouped, the hospital specific rates that are below the peer group statewide median will be raised to the peer group statewide median. In addition, all level of care rates will be updated using a two (2%) percent factor.

TN#	<u>03-17</u>	Approval Date	<u>MAY 17 2004</u>	Revised	<u>01-01-04</u>
			Effective Date		<u>01-01-04</u>

State: Oklahoma

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE**

5. Non State Governmental Hospitals Outpatient Payment Adjustment (cont.)

Effective 6-30-2005, Payments made to non-state government owned or operated (NSGO) hospitals pursuant to Attachment 4.19-B, Page 1a will expire.

Effective 7-1-2005, all Oklahoma Non-State Governmental owned or operated hospitals (i.e. all hospitals under city, county, or Title 60 Public Trust Control) shall qualify for a rate adjustment. The adjustment shall be equal to each participating hospital's pro-rated share of two funding pools. The funding pools will be established annually by the OHCA based on the estimated aggregate Upper Payment Limit (UPL) shortfall for allowable outpatient services.

The following applies to this section:

(1) Determination of funding pools for UPL Shortfall

Prior to the beginning of the State Fiscal Year, the UPL Pools will be established. The total of the pools is the aggregate of the UPL Shortfall for all non-state governmental hospitals determined as follows:

- (a) Cost to charge ratios for outpatient services are established from the most recently received cost report from each hospital.
- (b) The ratios in (a) are applied to the Medicaid charges for each hospital from the most recent State fiscal Year. These charges will be determined from the State MMIS data for claims paid for allowable services. The result is the total allowable Medicaid cost or the Upper Payment Limit (UPL).
- (c) The payments made by OHCA for these Medicaid services, including patient spend-down, third party liability and co-insurance, will be determined from the same State MMIS data as in (b).
- (d) The difference between the total allowable costs determined in (b) and total payments in (c) is the UPL Shortfall for each hospital. The sum of the shortfalls for all hospitals is the aggregate established for the Pools for the State Fiscal Year.

(2) Allocation of the Pools

- (a) The aggregate of the pools established in (d) will be divided into two pools. The first pool will be the aggregate UPL Shortfall for all participating hospitals and will be allocated in their pro-rata UPL share of the pool amount.
- (b) The second pool will be the aggregate UPL Shortfall for those hospitals electing not to participate. The aggregate amount of this pool will be allocated to those hospitals electing to participate in this second level of allocation by the percentage of their individual UPL Shortfall to the total of the UPL Shortfall for those hospitals electing to participate in this second level allocation.
- (c) The payment of these adjustments will be made quarterly.

New Page 01-01-2004

MAY 17 2004

TN# 03-17 Approval Date _____ Effective Date _____
Supersedes
TN# _____

State: Oklahoma

**METHODS AND STANDARDS OF REIMBURSEMENT
FOR IN-PATIENT HOSPITAL SERVICES**

H. Non State Governmental Hospitals Inpatient Payment Adjustment (cont.)

Effective 6-30-2005, Payments made to non-state government owned or operated (NSGO) hospitals pursuant to Attachment 4.19-A, Page 17e will expire.

Effective 7-1-2005, all Oklahoma Non-State Governmental owned or operated hospitals (i.e. all hospitals under city, county, or Title 60 Public Trust Control) shall qualify for a rate adjustment. The adjustment shall be equal to each participating hospital's pro-rated share of two funding pools. The funding pools will be established annually by the OHCA based on the estimated aggregate Upper Payment Limit (UPL) shortfall for allowable inpatient services.

The following applies to this section:

(1) Determination of funding pools for UPL Shortfall

Prior to the beginning of the State Fiscal Year, the UPL Pools will be established. The total of the pools is the aggregate of the UPL Shortfall for all non-state governmental hospitals determined as follows:

- (a) Cost to charge ratios for inpatient services are established from the most recently received cost report from each hospital.
- (b) The ratios in (a) are applied to the Medicaid charges for each hospital from the most recent State fiscal Year. These charges will be determined from the State MMIS data for claims paid for allowable services. The result is the total allowable Medicaid cost or the Upper Payment Limit (UPL).
- (c) The payments made by OHCA for these Medicaid services, including patient spend-down, third party liability and co-insurance, will be determined from the same State MMIS data as in (b).
- (d) The difference between the total allowable costs determined in (b) and total payments in (c) is the UPL Shortfall for each hospital. The sum of the shortfalls for all hospitals is the aggregate established for the Pools for the State Fiscal Year.

(2) Allocation of the Pools

- (a) The aggregate of the pools established in (d) will be divided into two pools. The first pool will be the aggregate UPL Shortfall for all participating hospitals and will be allocated in their pro-rata UPL share of the pool amount.
- (b) The second pool will be the aggregate UPL Shortfall for those hospitals electing not to participate. The aggregate amount of this pool will be allocated to those hospitals electing to participate in this second level of allocation by the percentage of their individual UPL Shortfall to the total of the UPL Shortfall for those hospitals electing to participate in this second level allocation.
- (c) The payment of these adjustments will be made quarterly.

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